

SENATE BILL 61

C4

(8lr1038)

ENROLLED BILL

—*Finance/Economic Matters*—

Introduced by **Senators Kelley, Della, Exum, Garagiola, Klausmeier, Middleton, and Pugh**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this

_____ day of _____ at _____ o'clock, _____ M.

President.

CHAPTER _____

1 AN ACT concerning

2 **Commission to Study the Title Insurance Industry in Maryland**

3 FOR the purpose of establishing the Commission to Study the Title Insurance
4 Industry in Maryland; providing for the membership, staffing, and purposes of
5 the Commission; prohibiting Commission members from receiving compensation
6 for serving on the Commission; requiring the Commission to report to certain
7 persons by a certain date; providing for the termination of this Act; and
8 generally relating to the Commission to Study the Title Insurance Industry in
9 Maryland.

10 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
11 MARYLAND, That:

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.

Italics indicate opposite chamber / conference committee amendments.



1 (a) There is a Commission to Study the Title Insurance Industry in
2 Maryland.

3 (b) The Commission consists of the following members:

4 (1) three members of the Senate, including at least one member each
5 from the Senate Finance Committee and Senate Judicial Proceedings Committee,
6 appointed by the President of the Senate;

7 (2) three members of the House, including at least one member each
8 from the House Economic Matters Committee and House ~~Judiciary~~ Environmental
9 Matters Committee, appointed by the Speaker of the House; ~~and~~

10 ~~(3) appointed by the Governor:~~

11 ~~(i) a title insurance agent licensed in Maryland;~~

12 ~~(ii) a representative of a title insurance company domiciled in~~
13 ~~Maryland;~~

14 ~~(iii) a representative of the Home Builders Association of~~
15 ~~Maryland;~~

16 ~~(iv) a representative of the Maryland Bankers Association;~~

17 ~~(v) a representative of a State chartered bank in Maryland;~~

18 ~~(vi) a Maryland licensed real estate broker;~~

19 ~~(vii) a representative of the Maryland Real Estate Commission;~~

20 ~~(viii) a representative of a land title trade association; and~~

21 ~~(ix) three consumer members.~~

22 (3) the Maryland Insurance Commissioner, or the Commissioner's
23 designee;

24 (4) the Maryland Attorney General, or the Attorney General's
25 designee;

26 (5) the Commissioner of Financial Regulation, or the Commissioner's
27 designee;

28 (6) the Executive Director of the Maryland Real Estate Commission,
29 or the Executive Director's designee;

1 (7) the chair of the Maryland Affordable Housing Trust, or the chair's
2 designee;

3 (8) a title insurance producer licensed in Maryland, designated by the
4 Maryland Land Title Association;

5 (9) a representative of a title insurance company domiciled in
6 Maryland, designated by the Maryland Land Title Association;

7 (10) a representative of a national title insurance company doing
8 business in Maryland and other states, designated by the Maryland Coalition of Title
9 Insurers;

10 (11) a mortgage broker licensed in Maryland, designated by the
11 Maryland Association of Mortgage Brokers;

12 (12) a mortgage lender affiliated with a bank and doing business in
13 Maryland, designated by the Maryland Mortgage Bankers Association;

14 ~~(13) a mortgage lender not affiliated with a bank and doing business in~~
15 ~~Maryland, designated by the Maryland Mortgage Bankers Association;~~

16 ~~(14)~~ (13) a representative of the Maryland Bankers Association,
17 designated by the Maryland Bankers Association;

18 ~~(15) a representative of a State chartered community bank in~~
19 ~~Maryland, designated by the Maryland Bankers Association;~~

20 ~~(16) a representative of a bank chartered under federal law and doing~~
21 ~~business in Maryland and other states, designated by the Maryland Bankers~~
22 ~~Association;~~

23 ~~(17)~~ (14) a representative of the Maryland State Builders
24 Association, designated by the Maryland State Builders Association;

25 ~~(18)~~ (15) a representative of the Section of Real Property Planning
26 and Zoning of the Maryland State Bar Association, designated by the Maryland State
27 Bar Association;

28 ~~(19)~~ (16) a practicing real estate attorney familiar with title
29 insurance settlements and not licensed as a title insurance producer, designated by
30 the Maryland State Bar Association; and

31 ~~(20)~~ (17) ~~two consumer members~~ a consumer member appointed by
32 the Governor.

1 (c) The Commission shall ~~elect a chair from among its members~~ be
2 co-chaired by:

3 (1) one of the members of the Senate, as designated by the President
4 of the Senate; and

5 (2) one of the members of the House of Delegates, as designated by the
6 Speaker of the House.

7 (d) A member of the Commission may not receive compensation for serving
8 on the Commission, but is entitled to reimbursement for expenses under the Standard
9 State Travel Regulations, as provided in the State budget.

10 (e) The Commission shall be jointly staffed by the Department of Labor,
11 Licensing, and Regulation, and the Maryland Insurance Administration.

12 (f) The purpose of the Commission is to ~~study:~~

13 ~~(1) the relevant state laws and regulations regarding title insurance;~~

14 ~~(2) title industry issues that affect consumers in Maryland;~~

15 ~~(3) the rate setting factors for title insurance premiums;~~

16 ~~(4) commissions paid for referrals from developers, home builders, and~~
17 ~~realtors;~~

18 ~~(5) the impact on consumers with respect to unregulated~~
19 ~~home settlement services;~~

20 ~~(6) the impact on consumers for failure to receive presettlement~~
21 ~~guaranteed closing letters;~~

22 ~~(7) the fiduciary responsibilities of title insurance agents;~~

23 ~~(8) how rates and services in a title plant state compare with those in~~
24 ~~Maryland;~~

25 ~~(9) the need to audit title agent escrow and operating accounts by the~~
26 ~~underwriter, the State, or both;~~

27 ~~(10) the impact of decreasing competition in the market and lack of~~
28 ~~consumer education about the title insurance industry;~~

29 ~~(11) the impact of mechanics' liens on title insurance premium rates~~
30 ~~and the timeliness of settlement;~~

- 1 ~~(12) the handling of claims by title insurers in the State;~~
2 ~~(13) title reserve requirements for title agencies;~~
3 ~~(14) subsequent to closing, time limits for the issuance of title~~
4 ~~insurance policies; and~~
5 ~~(15) any other issue with significant impact on market conduct or~~
6 ~~solvency.~~ make recommendations for changes to State laws relating to the title
7 insurance industry.

8 (g) In order to develop recommendations, the Commission shall:

- 9 (1) review State laws relating to the title insurance industry;
10 (2) review the mechanisms available to enforce State laws relating to
11 the title insurance industry and the effectiveness of those mechanisms;
12 (3) identify title insurance industry issues that affect consumers in
13 Maryland;
14 (4) examine the rate-setting factors for title insurance premiums;
15 (5) examine how rates and services in a title plant state compare to
16 those in Maryland;
17 (6) identify ways to improve consumer education about the title
18 insurance industry;
19 (7) study whether mechanics' liens on properties scheduled for
20 settlement have an impact on the timeliness of settlements or on title insurance
21 premium rates;
22 (8) review the time limits, subsequent to closing, for the issuance of
23 title insurance policies;
24 (9) study affiliated business arrangements among title insurance
25 producers, builders, title insurance companies, realtors, lenders, and other businesses
26 involved with the settlement of real estate transactions to determine the impact of
27 these arrangements on title insurance premium rates; and
28 (10) study any other issue with significant impact on the title insurance
29 industry.

30 ~~(g)~~ (h) The Commission shall report on its findings and recommendations to the
31 Governor and, in accordance with § 2-1246 of the State Government Article, the
32 General Assembly on or before December 15, 2009.

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
2 July 1, 2008. It shall remain effective for a period of 2 years, and at the end of June 30,
3 2010, with no further action required by the General Assembly, this Act shall be
4 abrogated and of no further force and effect.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.